



May 16, 2011

Mr. Gary A. Kuiper
Counsel

sent via e-mail: Comments@FDIC.gov

Attention: Comments Room F-1086
Federal Deposit Insurance Corporation
550 17th Street NW.
Washington, DC 20429

Re Consolidated Reports of Condition and Income, 3064-0052.

Dear Mr. Kuiper:

This letter is submitted by TCF National Bank (TCF) in response to the notice of proposed rulemaking and request for comment regarding proposed agency information collection activities, published in the Federal Register on March 16, 2011. TCF is a South Dakota - based national bank with \$18.7 billion in total assets. TCF has 442 banking offices in Minnesota, Illinois, Michigan, Colorado, Wisconsin, Indiana, Arizona and South Dakota, providing retail and commercial banking services. TCF also conducts commercial leasing and equipment finance business in all 50 states and commercial inventory finance business in the U.S. and Canada. This letter addresses the FDIC's proposed data collection rules and request for comment to revise data collection rules used in the assessment of the FDIC Insurance calculation applicable to banks with greater than \$10 billion in assets (large institutions). TCF appreciates the opportunity to comment and respectfully requests that the FDIC consider the suggestions set forth herein.

FDIC's Final Definition of Subprime Consumer Loans

In February 2011, the FDIC published in the Federal Register the final rules regarding The Large Bank Pricing Scorecard and the proposed Call Report instructions mirror the final rules, (See 76 Fed. Reg. 14460, 14467 (March 16, 2011), and 12 CFR 327, Appendix C). In the final rules, the FDIC defined a subprime consumer loan in section 12 CFR 327, Appendix C, A.4.

TCF has over \$7 billion in consumer loans, virtually all of which is secured by residential real estate. This portfolio has over 100,000 customers and an average FICO score of approximately 725. TCF does not and has not had a subprime program as defined in the

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2001 Interagency Expanded Guidance for Subprime Lending Programs ("Subprime Guidance"). TCF has occasionally originated loans as exceptions to its prime underwriting program that have similar characteristics to loans underwritten in subprime programs as defined in the Subprime Guidance. The Office of the Comptroller of the Currency ("OCC") has examined TCF's underwriting systems and reporting and has concurred with TCF's conclusions and receives periodic reports based on FICO score bands.

In the final rule, certain key items in the well understood Subprime Guidance were changed or dropped. Specifically items that "may be considered" were changed to "will be considered" and references to FICO scores or internal score card methods were eliminated. TCF has examined the final rule for reporting subprime loans on the Scorecard and as a result of the changes under the final rule determined it cannot report the prescribed information in the June 30, 2011 Call Reports under the proposed instructions.

The rule and proposed instructions are problematic since TCF uses FICO scores and manual reviews of credit reports in the underwriting process. The rules, as written, would likely treat numerous prime customers as subprime as a result of a few small items in a credit report that were considered in determination of their FICO score and were deemed not significant enough to cause concern in underwriting. The credit report details are not kept electronically and may not even be located in our customers' loan files to allow for manual review and determination over a period of time for the current portfolios. Manual processes would have to be put in place for many quarters to capture the information and code the loans for new originations. The effort needed to capture and report on the current portfolio, new originations and other ongoing changes to the portfolio is cost prohibitive and the definition is out of the norm from industry and regulatory practice for determining subprime loans.

The time allowed and level of risk to accuracy are such that certification of the information in the Call Report cannot be achieved. As a solution, we suggest that the reporting requirements follow the Subprime Guidance and banks without subprime programs would report zero. If the FDIC wishes to also capture loans that are similar to subprime program loans that were underwritten as exceptions in prime programs, that can be accomplished if the standard FICO definitions (620 and below for real estate secured loans and 660 and below for all other loans) are added back to the rules since TCF does have the origination FICO score coded in our systems for borrowers who have a score. There is a small population of our customers base who do not have a FICO score.

FDIC's Definition of Leveraged Loans

In February 2011, the FDIC published in the Federal Register the final rules regarding The Large Bank Pricing Scorecard. In these rules the FDIC defined leveraged lending in section CFR 327, Appendix C, A.2.

Under the current FDIC definition of leverage lending, TCF does not have a systematic way to collect all of the data required in order to determine if a loan meets the definition

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of a leveraged loan. Since this information has not been historically captured, it is not possible for TCF to report and certify this information for the June 30th 2011 Call Report.

We believe the definition used for leveraged loans should follow the guidance provided in the 2008 Comptroller's Handbook on Leveraged Lending ("Handbook"). In this guidance the OCC broadly considers a leveraged loan to be a transaction where the borrower's post-financing leverage, when measured by debt-to-assets, debt-to-equity, cash flow-to-total debt, or other such standards unique to particular industries, significantly exceeds industry norms for leverage. TCF has a leveraged lending policy and codes loans as such meeting the criteria and the data has been subject to OCC examination.

TCF believes if the FDIC were to require reporting of leveraged loans under the definition in the Handbook, that such data is captured and could be reported.

If you have any questions or would like to discuss any of the issues raised in this letter please contact me at 952-475-6402.

Sincerely,



David M. Stautz
Executive Vice President, Controller and Assistant Treasurer

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